AGREEMENT ON SECURITY

RECITALS

A. Salivan Shipping S.A. ("Owner"), a Panama-domiciled company with an address at Via General Nicanor A. de Obarrio (50th St.) Bancomer Plaza, 4th Fl., Panama City, Republic of Panama and c/o Nitta Kisen Kaisha LTD., Shin Melkal Building, 4, Kaigan-dori, Chuo-ku, Kobe-shi, Hyogo-ken, 650-0024, Japan and notice address for purposes of this Agreement at c/o Clark, Newton & Evans, PA, 509 Princess Street, Wilmington, N.C. 28401, was at all relevant times the registered co-owner (1%) of the M/V ATLANTIC OASIS (IMO #9531650) ("the Vessel").

B. Nitta Kisen Kaisha LTD. ("Operator"), a Japanese-domiciled limited company with an address at Shin Melkal Building, 4, Kaigan-dori, Chuo-ku, Kobe-shi, Hyogo-ken, 650-0024, Japan and notice address for purposes of this Agreement at c/o Clark, Newton & Evans, PA, 509 Princess Street, Wilmington, N.C. 28401, was at all relevant times the registered co-owner (99%) and operator of the Vessel under applicable United States law.

C. The United States of America ("United States") asserts that the Vessel is subject to the MARPOL Protocol 73/78, the Act to Prevent Pollution from Ships ("APPS"), and the Clean Water Act ("CWA"); that the Vessel violated MARPOL Protocol 73/78, APPS, 33 USC § 1908 (a), and the regulations thereunder, and the Clean Water Act 33 U.S.C. § 1321, and other related offenses to include provisions under Title 18 U. S. Code (collectively, the "Alleged Violations"); and that a U.S. District Court may assess criminal penalties against the Vessel *in rem* or its Owner and/or Operator *in personam*.

D. The United States, pursuant to a request from Captain of the Port Sector North Carolina on May 19, 2017, is withholding the Vessel's U.S. Customs and Border Protection ("CBP") departure clearance until the Vessel provides security as authorized by 33 USC § 1908(e).

E. The Owner, Operator, and the United States, as parties to this Agreement, desire to arrange for security to be posted to secure the performance of this Agreement and to permit CBP to issue the Vessel's departure clearance.

AGREEMENT

This Agreement in its entirety constitutes surety satisfactory to the Secretary of Homeland Security ("Secretary") per 33 U.S.C. § 1908(e). As consideration for surety satisfactory to the Secretary for the release of the Vessel, the undersigned parties agree as follows:

1. Owner and Operator shall post cash security in the total aggregate amount of ONE MILLION TWO HUNDRED THOUSAND UNITED STATES DOLLARS (USD) ($1,200,000.00) with the Clerk of the Federal District Court for the Eastern District of North Carolina, as security for any adjudicated potential fines or penalties for the Alleged Violations and to ensure performance of this Agreement. The security (hereinafter "Escrow Funds") shall be posted prior to the Vessel's departure from Wilmington, North Carolina, and held by the said Clerk's office pursuant to the terms and conditions hereof. When the U. S. Coast Guard receives notice that the Escrow Funds have been deposited with the said Clerk's office, and upon receipt of an executed copy of this document, the U. S. Coast Guard will promptly notify U. S. Customs that departure clearance of the Vessel may be granted as it relates to the violations alleged in the U. S. Coast Guard's

notice to the Master of the Vessel dated May 19, 2017. The Escrow Funds shall be paid out, and the Parties shall execute a joint request for the Court to issue an order commanding such distribution, as follows:

(a) Subject to any right of appeal, if a penalty is assessed by a United States court or authorized administrative body in a civil, criminal, or administrative action against the vessel *in rem* or its Owner or Operator *in personam* for the Alleged Violations or violations arising from or related to the facts of the Alleged Violations, then the net amount of such penalty (or the full amount of the Escrow Funds, including any interest on that amount, if the penalty is in excess of the amount of the Escrow Funds) shall be immediately paid to the United States upon entry of judgment without regard to any potential appeal. The balance amount of the Escrow Funds and any interest earned thereon remaining in excess of the amount paid to the United States shall be immediately remitted to Owner and/or Operator.

(b) If judgment is entered in favor of Owner and Operator in a criminal action, the balance of the amount of the Escrow Funds and any interest earned thereon shall be immediately paid to Owner and/or Operator without regard to any potential appeal.

(c) If either the Owner and/or Operator fail to appear as required by this Agreement, or fail to waive objections to jurisdiction as required by this Agreement, then the amount of the Escrow Funds, including any interest earned thereon, shall be paid to the United States in credit against sums owed.

(d) If a United States court renders a finding that either the Owner or Operator failed to pay or provide lodging for the crew as required by paragraph 3 of this Agreement, then the amount of the Escrow Funds and any interest earned thereon shall be immediately payable to the crew or their agents as directed by the court without regard to any potential appeal, in credit against sums owed.

(e) If a United States court renders a finding that either the Owner or Operator materially breached other obligations contained in this Agreement, then the amount of the Escrow Funds and any interest earned thereon shall be immediately payable to the United States in reimbursement for actual expenses required for performance of the aforementioned obligations by the United States as directed by the court without regard to any potential appeal.

(f) The Owner and Operator shall remain liable for any unpaid balance and shall execute an Agreed Upon Order of Payment with the U.S. Attorney's Office - Eastern District of North Carolina Civil Division within 14 days of entry of any judgment to ensure full payment of all obligations under this Agreement.

(g) If a full or partial plea agreement or compromise is reached in a civil, criminal, or administrative action, then payment shall be made in accordance with joint written instructions from the United States and Owner and Operator.

Any dispute between the United States and Owner or Operator regarding payment under this paragraph shall be submitted to the United States District Court for the Eastern District of North Carolina. In any such dispute wherein one party claims a breach of the terms and conditions herein, the party asserting that there has been a breach of the Agreement shall bear the burden of proof.

2. Owner and Operator agree to facilitate interviews of any officer or crewmember, and if necessary, custodian of records or employees with knowledge of the companies business records practices, employed by Owner or Operator at the time such a request is made by the United States. Owner and Operator agree to cooperate with the United States to arrange for testimony of such employed officer or crewmember before a Grand Jury or other judicial or administrative proceeding arising from the Alleged Violations. Owner and Operator agree to assist the United States in effecting proper service of process with respect to any Alleged Violation by the Owner, Operator, Person in Charge, officer or crewmember, for any employed officer or crewmember who is not in the United States at the time the subpoena is issued, in a manner consistent with U.S. laws and the laws of the foreign country where the individuals are located. In addition, the Owner and Operator will encourage these officers and crewmembers to cooperate with the United States in carrying out its investigation and in appearing for their scheduled testimony. Owner and Operator will act in good faith in carrying out these obligations. No disciplinary measures or legal proceedings or any other retaliatory actions will be instituted by the Owner and/or Operator or any agent of the Owner and/or Operator of the Vessel against any officer or crewmember or other employee as a result of the officer's or crewmember's or other employee's cooperation with the United States. No efforts will be undertaken to retaliate against the officers or crewmembers or other employees for their cooperation, either now or at any time in the future, and the Owner and Operator will make reasonable efforts to prevent third parties from doing the same.

The United States agrees that it will provide reasonable notice of its need for these officers and crewmembers to be present so that Owner and Operator may arrange for substitute officers and crewmembers.

3. At the request of the U.S. Coast Guard acting on behalf of the United States, the ship's officer and crewmembers listed within subpart (a) of this paragraph ("Paragraph 3") shall remain within the jurisdiction of the U.S. District Court – Eastern District of North Carolina pursuant to the terms set forth within the below subparts.

(a) The ship's officers and crewmembers pertaining to this paragraph are:

1) Kim, Yeo Bong - Master;

2) Youn, Jinhyun – Chief Engineer;

3) Tababa, Noel – First Engineer;

4) Maquidato, Joel – Second Engineer;

5) Efondo, Felix – Third Engineer;

6) Pastito, Reynaldo – Oiler 1;

7) Dela Pena, Jeffery – Oiler A;

8) Jurado, Carlos – Oiler B;

9) Sobredo, Jhonny – Wiper.

(b) The Owner and Operator agree to provide reasonable lodging, a meal allowance of $40.00 USD per day, and reasonable medical care commensurate with that provided to them as company employees to the aforementioned ship's officers and crewmembers of the Vessel while in the United States, regardless of the current employment status of the aforementioned ship's officers and crewmembers, until the United States, through its attorney responsible for the pending criminal investigation, advises that their presence is no longer necessary. Suggested lodging includes the Woodspring Suites for the engineering crew on Carolina Beach Road, Wilmington, NC, and the Extended Stay Suites on Eastwood Road, Wilmington, NC. Owner and Operator further agree that the lodging provided to the above described Master and Chief Engineer will be in a different hotel from the rest of the above described crewmembers. Owner and Operator agree to immediately notify the United States, through its attorney responsible for the pending criminal investigation, as well as Lieutenant Commander Brendan Gavin, of the name, address, and telephone number of the hotel where each ship's officer and crewmember resides. Owner and Operator agree to provide notice of this agreement and its provisions to all affected ship's officers and crewmembers.

(c) Owner and Operator agree that the Vessel shall not depart forthwith for the remainder of its voyage until the aforementioned ship's officers and crewmembers of the Vessel have been granted immigration status necessary to enable them to remain in the United States commensurate with the duration of this Agreement. Owner and Operator agree that no such ship's officer or crewmember will be allowed to remain aboard the Vessel when it departs from the United States unless the United States, through its attorney responsible for the pending criminal investigation, advises Owner and/or Operator that the ship's officer or crewmember may leave the United States aboard the Vessel. Owner and Operator agree to continue to employ and to pay total wages in a timely manner and in a manner consistent with any applicable collective bargaining agreements or employee contracts until the United States, through its attorney responsible for the pending criminal investigation, advises that their presence is no longer necessary, except that the Owner and Operator will not be required to employ or pay wages for any ship's officer or crewmember listed in subpart (a) who is convicted of a crime arising from and related to the facts of the Alleged Violations. "Total wages" as used in this paragraph includes the total wage the crewmember contracted for and anticipated, including guaranteed overtime, fixed overtime, and supplementary wages. After being advised by the United States, through its attorney responsible for the pending criminal investigation, that the presence of an aforementioned ship's officer or crewmember is no longer necessary, Owner and Operator will repatriate the ship's officer or crewmember to his home country or to another port so that the ship's officer or crewmember may complete his employment contract, unless otherwise agreed or ordered by a court of competent jurisdiction.

(d) The United States, by and through its attorney, agrees to provide written notice to counsel for the Owner and Operator when a determination is made that a particular ship's officer or crewmember is no longer necessary. Upon receipt of such notice, the Owner and Operator will have 72 hours in which to either lodge an objection to the release or make travel arrangements. If an objection is lodged, then the ship's officer or crewmember will continue to remain in the United States with all the benefits (e.g., wages, lodging, per diem, etc.) being provided to the other remaining officers and crewmembers. If, however, the Owner and Operator make travel arrangements for the repatriation of the released crewmember, the Owner and Operator will not raise any claims of prejudice in any subsequent court proceeding.

(e) The requirements of the Owner and Operator set forth in the entirety of Paragraph 3 and its subparts shall continue until all related cases are declined, resolved through execution of a plea agreement or trial, or depositions are taken in accordance with Rule 15 of the Federal Rules of Criminal Procedures and the district court holds that the depositions will be admissible at trial with the consent of or over any objections made by counsel for all charged defendants. Should any employee depart prior to entry of judgment and either the Owner or Operator raise a challenge to a draft presentence investigation report, the Owner and Operator waive all right to object to: (1) the hearsay testimony of law enforcement concerning any and all statements of that released witness; and (2) the admissibility of the grand jury testimony and/or trial testimony of that released witness. The Owner and Operator shall have no obligation to provide any of the benefits provided for in this Agreement (i.e. reasonable lodging, wages, reasonable medical care and/or other compensation) during the course of any appeal by an Officer or Crewmember, but may do so at their sole discretion. Upon repatriation of any Officer or Crewmember, as provided for under the terms of this Agreement, the obligation of Owner and Operator to provide any of the benefits provided for in this Agreement to such Officer or Crewmember (i.e. reasonable lodging, wages, reasonable medical care and/or other compensation) shall terminate. Owner and Operator will act in good faith in carrying out these obligations.

(f) Notwithstanding any other provision of this Agreement, the obligation of the Owner and Operator to provide medical care to the Officers and Crewmembers under this Agreement shall consist of reasonable medical care to be provided as/when needed and commensurate with that provided to them as company employees. The Owner and Operator may, at their option, purchase insurance to cover the expense of such medical care. In the event an Officer or Crewmember incurs a medical condition which immediately threatens that person's life, limb or eyesight, the Owner/Operator and the United States agree to cooperate in good faith to affect the repatriation of such Officer or Crewmember, as soon as said Officer or Crewmember is medically cleared to travel, following which the Owner's/Operator's obligations to provide reasonable lodging, meal allowance, reasonable medical care, wages and or other compensation under this Agreement shall terminate, but with all other obligations of the Owner/Operator under this Agreement to remain in force. Prior to the Officer or Crewmember's repatriation, the Owner/Operator agrees to not object to all available means to obtain and preserve the testimonial evidence said Officer or Crewmember would have otherwise provided absent any medical problem.

4. The United States and the Owner and Operator agree to take reasonable measures to expedite the investigation of the Alleged Violations and any subsequent proceedings.

5. The United States agrees that the Owner and Operator cannot exercise complete control over the ship's officers and crewmembers of the Vessel and therefore Owner's and Operator's obligations in respect to ensuring any ship's officer or crewmember of the Vessel remains within or returns to the jurisdictions of the U. S. District Court - Eastern District of North Carolina, shall be limited to:

(a) requesting such ship's officers and crewmembers of the Vessel to surrender their passports to the Owner or Operator for safe keeping;

(b) requesting such ship's officers and crewmembers of the Vessel to remain within the jurisdictions of the U. S. District Court - Eastern District of North Carolina,

(c) providing such ship's officers and crewmembers of the Vessel with reasonable lodging, a meal allowance, and reasonable medical care as provided in this Agreement; and

(d) providing such ship's officers and crewmembers of the Vessel with reasonable transportation within the jurisdictions of the U. S. District Court - Eastern District of North Carolina to all meetings with their attorneys and law enforcement personnel.

6. If such a ship's officer or crewmember refuses to surrender his passport to Owner or Operator, then Owner and Operator shall immediately provide actual notice to the United States, through both its attorney responsible for the pending criminal

investigation as well as Lieutenant Commander Brendan Gavin. If at any time any such ship's officer or crewmember requests the return of his passport by Owner and/or Operator, then Owner and/or Operator shall provide actual notice to the United States, through both its attorney responsible for the pending criminal investigation, as well as Lieutenant Commander Brendan Gavin, at least 72 hours before returning the passport to the ship's officer or crewmember. Regarding such ship's officers and crewmembers of the Vessel, Owner and Operator shall have no further responsibility or obligations to the U.S. Coast Guard other than those stated herein, except as otherwise provided by law or regulation.

7. The obligations of the Owner and Operator set forth herein with respect to the specifically aforementioned ship's officers and crewmembers of the Vessel are subject to all rights of each ship's officer and crewmember as may be asserted by the ship's officer or crewmember or by any attorney working on his behalf.

8. Nothing in this Agreement is to be deemed as binding on non-parties to this Agreement. In particular, for each ship's officer and crewmember who may be served with a federal Grand Jury, deposition, or trial subpoena or material witness warrant and who is required to remain within the jurisdictions of the U. S. District Court - Eastern District of North Carolina, their rights pursuant to 18 U.S.C. § 3144, Fed.R.Crim.P. 15 and other federal laws are specifically preserved.

9. The United States has previously provided an inventory of all documents, copies of documents, or items seized from the Vessel. Owner and Operator agree to stipulate to the authenticity of documents and things listed on the inventory provided by the United States after the Owner and Operator, through counsel, have had a reasonable

opportunity to review the inventory and compare it against actual documents or things referenced in the inventory. This provision does not apply to any property that is not owned by the Owner or Operator. The United States agrees that by so stipulating, Owner and Operator do not waive any objections they may have to the relevance or admissibility of the documents into evidence in any proceeding, or to the manner in which they were seized and removed, or to any other matter concerning the documents or things except their authenticity at the time of their seizure. Owner and Operator also agree to accept service of and comply with any and all subpoenas for records issued by the government and, upon request, provide a competent custodian of records at any court proceeding, to include grand jury, motions, and trial, to testify as to the authenticity of any records produced pursuant to the subpoena and steps taken to comply with said subpoena. The Owner and Operator will pay for the travel to the United States of the relevant records custodian(s) and instruct those records custodians to cooperate with the United States in carrying out its investigation and will act in good faith in carrying out this obligation.

10. Owner, Operator, and the United States agree that the criminal and civil penalty claims of the United States against the Vessel *in rem* shall attach to the Vessel release's security as provided pursuant to the Federal Rules of Civil Procedure, Admiralty, Maritime Claims, Supplemental Rule E(5). In consideration of the Surety Bonds, the United States agrees not to cause the arrest of the Vessel, nor the arrest, seizure, or attachment of any other vessel owned, operated, managed, or chartered by the Owner or Operator for the Alleged Violations, and not to withhold CBP departure clearance of the Vessel, or any other vessel under the same management and control of

the Owner and Operator, on account of the Alleged Violations in the U.S. Coast Guard's notice to the Master of the Vessel dated May 19, 2017.

11. This Agreement is to be binding whether the Vessel be in port or not in port, lost or not lost, and regardless of its condition, and is given without prejudice as to all rights or defenses which the Vessel, Owner, and/or Operator may have, none of which is to be regarded as waived, except the Owner and Operator agree to waive any objections to *in personam* jurisdiction over them and *in rem* jurisdiction over the Vessel, with respect to the potential claims of the United States described above, in the United States court which hears the criminal action.

12. Owner and Operator authorize Freehill, Hogan & Mahar, LLP, as agent of Owner/Operator for this Agreement, to accept service of any correspondence or legal papers relating to the Alleged Violations on behalf of the Vessel, Owner, and Operator at its offices at 80 Pine Street, New York, NY 10005. The Owner and Operator agree to enter an appearance in any criminal action brought against them in a United States court concerning the Alleged Violations, or in any civil penalty action brought against them in any other forum, and to defend the Vessel from any *in rem* criminal claim asserted against it.

13. The United States and Owner and Operator enter into this Agreement without prejudice as to all rights or defenses, none of which is to be regarded as waived except as expressly set forth above.

14. This Agreement may be signed in duplicate originals.

15. This Agreement remains in effect until all criminal proceedings arising from and related to the facts on this case have been completed or the Escrow Funds have been released by the United States pursuant hereto.

16. Any amendments to this Agreement must be in writing and signed by all parties.

In witness hereof, the Parties have hereunto set their hands and seals this 30 May 2017

SALIVAN SHIPPING, S.A.

As Owner, M/V ATLANTIC OASIS

By: Freehill, Hogan and Mahar, LLP
By: William J. Pallas, Esq. as per authority received 26 May 2017

Dated: 30 May 2017

NITTA KISEN KAISHA, LTD.
As Owner/Operator, M/V ATLANTIC OASIS

By: Freehill, Hogan and Mahar, LLP
By: William J. Pallas, Esq. as per authority received 26 May 2017

Dated: 30 May 2017

United States of America

By: Brendan Gavin, Esq.
Lieutenant Commander, U.S. Coast Guard
Fifth Coast Guard District (dl)